Higher Education Funding Task Force
Report

Executive Summary

Whether or not Missouri public higher education is positioned to provide the needed educational services for a thriving economy is in doubt. The system must increase degree attainment and workforce development, as well as research and technology transfer activities. These actions can result in greater economic prosperity and a higher quality of life for all Missourians. Achieving these results will require greater institutional productivity and accountability, and additional state, federal and private investments. In the long-term, Missouri will reap tremendous benefits.

Invest in Missouri public higher education today, Assure the success of Missouri tomorrow

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Missouri public higher education institutions …

*** Educate Missourians to compete and succeed in the 21st century**

Missouri's public colleges and universities promote access, affordability, and accountability. They educate citizens of all ages for today's knowledge-based economy by equipping them to think critically, solve problems creatively, and communicate effectively. Such preparation is especially important in critical areas such as mathematics, engineering, technology, and science.

*** Fuel the state's economic engine for the benefit of all Missourians**

Public higher education meets statewide needs and generates economic development. Our public colleges and universities make vital contributions to Missouri's economic growth through investments in education, research, job training, and service. Public higher education also serves as a catalyst to attract and retain high paying jobs created by business and industry.

*** Make Missouri an even better place to live now and in the future**

Public higher education promotes personal growth and citizenship. Missouri's graduates strengthen our democracy. They are more productively employed, economically independent, and likely to volunteer, vote, and stay healthy. Further, Missouri's public colleges and universities add to the quality of life of our communities through the arts, entertainment, and other cultural initiatives.

Current Funding Realities

- Missouri's ranks 47th in per capita appropriation for higher education – $150.33 compared to the national average of $241.56. To reach the national average on this measure, Missouri's appropriations for higher education would have to increase by 60%, over $527 million.

- Missouri's ranks 46th in appropriations per $1,000 of personal income – $4.60 compared to the national average of $6.71. To reach the national average on this measure, Missouri's appropriations for higher education would have to increase by 45%, over $395 million.

- Missouri ranks 49th in change in state appropriations from fiscal year 2002 to fiscal year 2007 at -9.9%. The national average was 15.1% for this time period. *(Note: Colorado's appropriations for higher education declined by -10.1%.)*

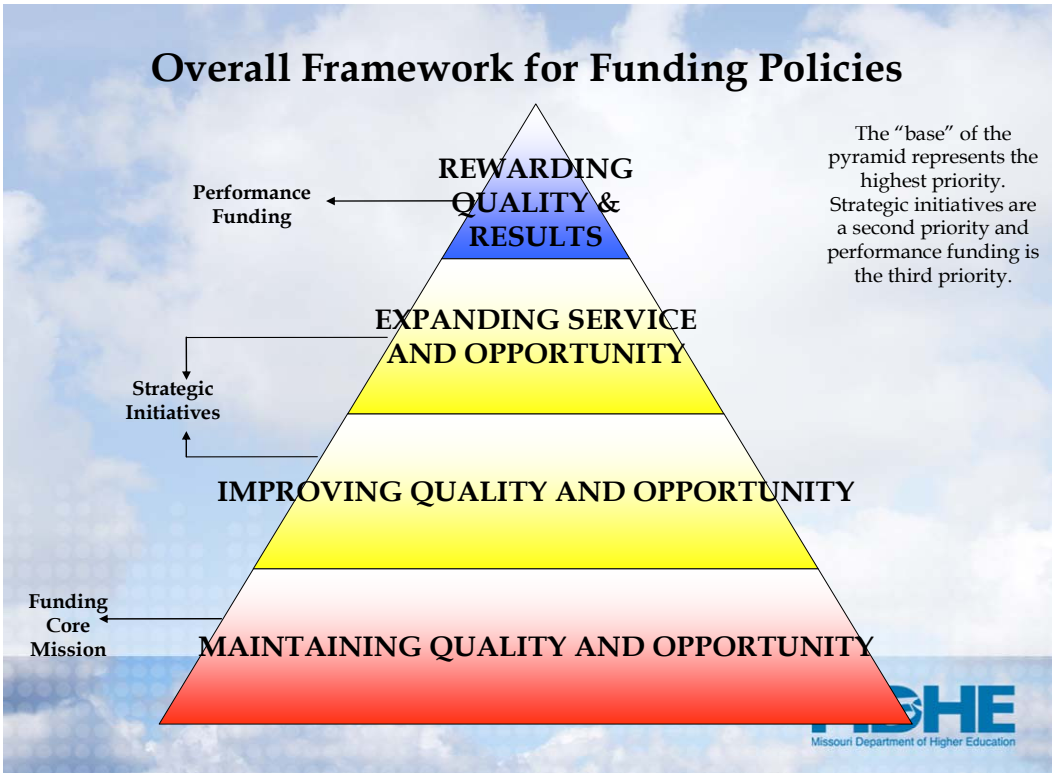
Missouri's current level of investment in public higher education jeopardizes the system's ability to produce the citizenry and workforce required to support the continued economic growth of the state throughout the 21st century.

Looking Forward

The Higher Education Funding Task Force recommends that Missouri use new policy-driven higher education funding strategies. The policies follow a business model approach designed to meet the needs of students, citizens, communities, and the Missouri economy. The funding strategies are externally benchmarked, transparent, and focused on results. They should be clearly communicated to the public.

The funding strategies are designed to connect with the state's coordinated plan for higher education, focus on institutional mission, provide incentives for high performance, and address issues such as enrollment sensitivity, adequacy, and rising fixed costs.

Overall Framework


Overall Framework for Funding Policies
The "base" of the pyramid represents the highest priority. Strategic initiatives are a second priority and performance funding is the third priority.
Performance Funding
REWARDING QUALITY & RESULTS
EXPANDING SERVICE AND OPPORTUNITY
Strategic Initiatives
IMPROVING QUALITY AND OPPORTUNITY
Funding Core Mission
MAINTAINING QUALITY AND OPPORTUNITY
Missouri Department of Higher Education

The Task Force recommends a funding framework consisting of three broad components:

1) ***Maintaining Quality and Opportunity: Core Mission Funding***. This component recognizes that each institution has ongoing costs that must be addressed, including resources to address rising fixed costs, to remain competitive with other states in terms of facilities and personnel, to address enrollment growth, and to support program delivery.

2) ***Improving Quality and Opportunity & Expanding Service and Opportunity: Strategic Initiatives.*** This component focuses on specific state and community needs and how institutions can respond to these needs consistent with each institution's mission. Strategic investments also include initiatives designed to improve quality of educational, outreach, and research programs and increase educational opportunities for Missourians. Initiatives identified in *Imperatives for Change*, the CBHE's coordinated plan are included in this category.

3) ***Rewarding Quality and Results: Performance Funding.*** This component includes investments and incentives that reward improvement or sustained excellence in key educational outcomes.

Summary

The Task Force has reached consensus on the importance of these policies and believes that adopting the new funding strategies is essential. While the policies and actions to support them may not result in a dramatic change on a one-year basis, in the long-term, these funding strategies can enable higher degree attainment, increased workforce development, and more productive research and technology transfer activities. If, over time, significant changes occur as a result of the adoption of these policies, the state and its citizens will reap tremendous benefits through greater economic prosperity and a higher quality of life.